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Small Business Branch

Key Small Business Statistics

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Foreword

Key Small Business Statistics is a semi-annual publication that provides baseline data on the small business sector in Canada. This eighteenth edition updates data found in previous editions. The following sections have been updated with new data:

- How many businesses are there in Canada?
- How many businesses appear and disappear each year?
- *Bankruptcy statistics*
- How many people work for small businesses?
- How many jobs do small businesses create?
- How much do employees of small businesses earn?
- What is the contribution of small businesses to Canada's gross domestic product?
- How many people are self-employed?
- How has self-employment contributed to job creation?
- Do the self-employed work longer hours than employees?
- How many small business entrepreneurs are women?
- What is the contribution of small businesses to Canada's exports?

This new edition and previous publications are available on the SME Research and Statistics website: www.ic.gc.ca/SMEresearch.



Highlights

Industry Canada's definition of "small business" is firms that have fewer than 100 employees.

Number of Businesses

- There are just over one million small businesses in Canada that have employees (excludes self-employed entrepreneurs). Ninety-eight percent of businesses in Canada have fewer than 100 employees.
- Between 2002 and 2008, about 100,000 new small businesses, on average, were created in Canada each year.
- Taking into account firms that exit the marketplace, the number of firms increased by about 9,000 per year, on average, over the 2002–2008 period.

Contribution to Gross Domestic Product (GDP)

- Small businesses contribute slightly more than 30 percent to Canada's GDP.

Employment

- As of 2011, small businesses employed approximately five million individuals in Canada, or 48 percent of the total labour force in the private sector.
- Small businesses created about 21,000 jobs in 2011. Over the 2001 to 2011 period, small firms accounted for 43 percent of all jobs created, on average, in the private sector.
- Approximately 15 percent of all employed workers in the Canadian economy in 2011 were self-employed.

Earnings

- On average, small business employees in Canada earned around \$763 per week in 2011, less than the overall average of \$852.

Sectoral Breakdowns

- Small businesses account for over two thirds of employment in five Canadian industry categories: non-institutional health care, forestry, other services, construction, and accommodation and food.
- Roughly 21 percent of small businesses operate in Canadian goods-producing industries; the remaining 79 percent operate in service industries.

Survival

- Survival rates for small and medium-sized businesses (with less than 250 employees) in Canada decline over time. About 85 percent of businesses that enter the marketplace survive for one full year, 70 percent survive for two years and 51 percent survive for five years.
- The number of business bankruptcies in Canada fell by 56 percent between 2000 and 2010 to about 3,600 in 2011.

Growth

- The Organisation for Economic Cooperation and Development (OECD) defines high-growth firms as those with average annualized growth rates greater than 20 percent per year, over a three-year period, and with 10 or more employees at the beginning of the period.
- While a relatively small number of firms (about 13,000) achieved high growth in terms of employment, they created approximately 45 percent of net new jobs over the 2003–2006 period.
- High-growth firms are present in every economic sector and are not just concentrated in knowledge-based industries. The highest concentration of high-growth firms was in professional, scientific and technical services; construction; and administrative and support, waste management and remediation services.

Women in Business

- In 2010, it was estimated that 17 percent of small businesses were majority-owned by women, while 9 percent were owned in equal partnerships between male and female owners.

Exports

- About 86 percent of Canadian exporters were small businesses. In 2010, small businesses were responsible for \$77 billion, or about 25 percent of Canada's total value, of exports.
- The largest contributions to exports were in construction (84.3 percent), transportation and warehousing (80.3 percent) and retail trade (80.5 percent).



When is a business “small”?

The size of a business can be defined in many ways, by the value of its annual sales or shipments, its annual gross or net revenue, the size of its assets or the number of its employees.

Many institutions define small businesses according to their own needs—the Canadian Bankers Association classifies a company as “small” if it qualifies for a loan authorization of less than \$250,000, whereas the Export Development Corporation defines small or “emerging” exporters as firms with export sales under \$1 million. In some instances, Industry Canada has used a definition based on the number of employees, which varies according to the sector—goods-producing firms are considered “small” if they have fewer than 100 employees, whereas for service-producing firms the cut-off point is 50 employees. Above that size, and up to 499 employees, a firm is considered medium-sized. The smallest of small businesses are called micro-enterprises, most often defined as having fewer than five employees. The term “SME” (for small and medium-sized enterprise) refers to all businesses with fewer than 500 employees, whereas firms with 500 or more employees are classified as “large” businesses.

As will be seen, in practice, reporting on small businesses seldom adheres to any strict definition due to data limitations.

How many businesses are there in Canada?

Statistics Canada's Business Register maintains a count of business locations¹ and publishes results twice a year. Business locations can belong to the same company; each company owns at least one business location. For an individual business location to be included in the Business Register, the company to which it belongs must meet at least one of the following minimum criteria: it must have at least one paid employee (with payroll deductions remitted to the Canada Revenue Agency (CRA)), it must have annual sales revenues of \$30,000, or it must be incorporated and have filed a federal corporate income tax return at least once in the previous three years.

As of December 2011, there were about 2.4 million business locations² in Canada, as shown in Table 1. About half of all business locations are called "employer businesses" because they maintain a payroll of at least one person (possibly the owner). The other half are classified as "indeterminate" because they do not have any employees registered with the CRA. Such businesses may indeed have no workforce (they may simply be paper entities that nonetheless meet one of the criteria for recognition as a business location) or they may have contract workers, family members and/or only the owners working for them. The "indeterminate" category was created because information about their workforce is not available.

1. A business location is an operating entity, specifically a production entity, that:
 - a) conducts economic activity at or from a single physical location or group of locations;
 - b) resides within the smallest standardized geographical area; and
 - c) is able to provide employment data at a minimum.
2. This number includes both commercial and non-commercial business locations.

Table 1: Total Number of Business Locations, and Number of Locations Relative to Provincial/ Territorial Population and Gross Domestic Product, December 2011

Provinces/ Territories	No. of Business Locations						No. of Business Locations per 1,000 Population	GDP per Business Location (\$ thousands)
	Total	Indeterminate ¹	Employer Businesses	Small (<100)	Medium (100–499)	Large (500+)		
Newfoundland and Labrador	26,014	8,690	17,324	17,028	259	37	51	1,084
Prince Edward Island	10,359	4,384	5,975	5,889	75	11	71	484
Nova Scotia	53,933	23,397	30,536	29,966	503	67	57	674
New Brunswick	41,756	15,868	25,888	25,421	411	56	55	705
Quebec	494,673	250,183	244,490	239,832	4,083	575	62	646
Ontario	889,621	497,301	392,320	383,666	7,631	1,003	66	688
Manitoba	77,458	41,002	36,456	35,660	692	104	62	700
Saskatchewan	96,367	56,964	39,403	38,790	546	67	90	660
Alberta	340,027	187,484	152,543	149,843	2,380	320	89	775
British Columbia	368,879	195,290	173,589	170,983	2,326	280	80	551
Yukon	2,955	1,298	1,657	1,621	34	2	85	788
Northwest Territories	2,465	924	1,541	1,501	36	4	57	1,905
Nunavut	816	232	584	559	23	2	24	2,151
Canada Total	2,405,323	1,283,017	1,122,306	1,100,779	18,999	2,528	69	675

Source: Statistics Canada, Business Register, December 2011; National Income and Expenditure Accounts 2010; Estimates of Population by Age and Gender for Canada, the Provinces and the Territories, Q1 2012.

Note 1: The "indeterminate" category consists of incorporated or unincorporated businesses that do not have a Canada Revenue Agency payroll deductions account. The workforce of such businesses may consist of contract workers, family members and/or owners.

Approximately 58 percent of all business locations in Canada are located in Ontario and Quebec. Virtually all the rest are divided between the western provinces (37 percent) and the Atlantic provinces (5 percent). The Northwest Territories, Yukon and Nunavut represent only 0.3 percent of Canada's businesses.

Relative to population, the western provinces, Yukon and Prince Edward Island have more business locations than elsewhere, with the highest ratios in Saskatchewan and Alberta at 90.3 and 89.1 per 1,000 population respectively. Nunavut, Newfoundland and Labrador, New Brunswick and Nova Scotia have the lowest ratios of business locations per 1,000 population. Ontario and Quebec are below the national average of 69.4, with 66.2 and 61.7 business locations per 1,000 population respectively.

In terms of gross domestic product (GDP) per business location by province, Nunavut shows the highest ratio at \$2,151,000 per location. (This is likely due, in part, to the low number of business locations per 1,000 residents; therefore, its GDP is spread over fewer business locations).

More broadly, there is a noticeable negative relationship between the number of business locations per 1,000 inhabitants and contribution to GDP per business location in that a higher number of business locations per 1,000 population corresponds to a lower GDP per business location. Alberta is an exception to this rule, with a relatively high GDP per business location as well as a high number of business locations per 1,000 residents.

Of the 1,122,306 employer businesses, 2,528 (about 0.2 percent) have 500 employees or more, 1,100,779 employer businesses (98 percent) have fewer than 100 employees, 75 percent have fewer than 10 employees and 55 percent have only 1 to 4 employees (see Table 2).

Table 2: Number of Business Locations by Sector and Firm Size (Number of Employees), December 2011

Number of Employees	Cumulative Percent of Employer Businesses	No. of Business Locations		
		Total	Goods-Producing Sector ¹	Service-Producing Sector ²
Indeterminate ¹		1,283,017	306,783	976,234
<i>Employer Business Total</i>	100.0	1,122,306	239,057	883,249
1-4	54.9	615,599	137,093	478,506
5-9	75.0	225,829	46,127	179,702
10-19	87.4	139,946	26,701	113,245
20-49	95.5	90,604	17,668	72,936
50-99	98.1	28,801	6,363	22,438
100-199	99.2	13,025	3,128	9,897
200-499	99.8	5,974	1,528	4,446
500+	100.0	2,528	449	2,079
Grand Total		2,405,323	545,840	1,859,483

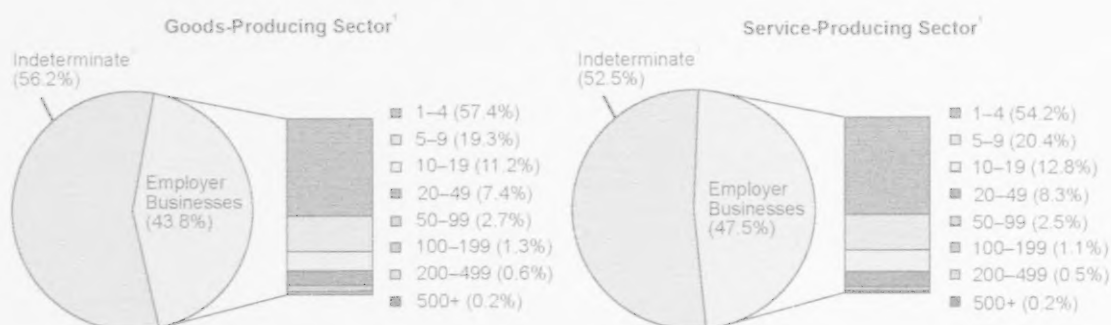
Source: Statistics Canada, Business Register, December 2011

Note 1: The "indeterminate" category consists of incorporated or unincorporated businesses that do not have a Canada Revenue Agency payroll deductions account. The workforce of such businesses may consist of contract workers, family members and/or owners.

Note 2: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33, while NAICS codes 41 to 91 define the service-producing sector.

About one quarter of all business locations (indeterminate and employer businesses alike) produce goods, whereas the remainder provide services. Small firms (those with fewer than 100 employees) make up 98 percent of goods-producing employer businesses and 98 percent of all service-producing employer businesses (Table 2 and Figure 1). Using an alternative definition of small businesses in the service-producing sector that defines small businesses as those with fewer than 50 employees, small firms account for 96 percent of all service-producing employer firms.

Figure 1: Distribution of Business Locations in the Goods-Producing and Service-Producing Sectors by Firm Size (Number of Employees), December 2011



Source: Statistics Canada, Business Register, December 2011.

Note 1: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33, while NAICS codes 41 to 91 define the service-producing sector.

Note 2: The "indeterminate" category consists of incorporated or unincorporated businesses that do not have a Canada Revenue Agency payroll deductions account. The workforce of such businesses may consist of contract workers, family members and/or owners.

Table 3 shows the distribution of employer businesses by size of business location in each province and territory. Generally speaking, the distribution by size in the provinces is similar to the national average distribution by size. However, there is some variation among the provinces and territories; for example, there is a higher percentage of micro-enterprises (1 to 4 employees) in Alberta (59 percent) and British Columbia (57 percent) than in Ontario (56 percent), Quebec (51 percent) or the territories (from 23 percent to 50 percent).

Table 3: Employer Businesses by Firm Size (Number of Employees) in the Provinces and Territories, December 2011

Provinces/ Territories	Employer Businesses										
	Total	Percent of Total									
		1-4	5-9	10-19	20-49	50-99	Small (<100)	100-199	200-499	Medium (100-499)	Large (500+)
Newfoundland and Labrador	17,324	54.1	22.2	12.8	7.2	1.9	98.3	1.0	0.5	1.5	0.2
Prince Edward Island	5,975	51.7	22.6	13.9	8.1	2.4	98.6	0.9	0.3	1.3	0.2
Nova Scotia	30,536	54.9	20.3	12.3	8.1	2.4	98.1	1.2	0.5	1.6	0.2
New Brunswick	25,888	54.9	20.8	12.7	7.6	2.3	98.2	1.1	0.5	1.6	0.2
Quebec	244,490	50.8	22.2	13.4	8.9	2.8	98.1	1.1	0.5	1.7	0.2
Ontario	392,320	55.5	19.3	12.2	8.1	2.7	97.6	1.3	0.6	1.9	0.3
Manitoba	36,456	50.5	21.3	14.0	9.1	2.9	97.8	1.3	0.6	1.9	0.3
Saskatchewan	39,403	55.3	20.5	12.6	7.8	2.2	98.4	0.9	0.5	1.4	0.2
Alberta	152,543	59.0	18.0	11.5	7.3	2.4	98.2	1.1	0.5	1.6	0.2
British Columbia	173,589	56.8	20.0	12.1	7.3	2.2	98.5	0.9	0.4	1.3	0.2
Yukon Territory	1,657	49.5	24.0	13.6	8.4	2.2	97.8	1.3	0.8	2.1	0.1
Northwest Territories	1,541	35.2	24.0	19.1	14.7	4.4	97.4	1.6	0.7	2.3	0.3
Nunavut	584	22.6	25.2	21.1	17.6	9.2	95.7	3.3	0.7	3.9	0.3
Canada Total	1,122,306	54.9	20.1	12.5	8.1	2.6	98.1	1.2	0.5	1.7	0.2

Source: Statistics Canada, Business Register, December 2011.

Table 4 presents the distribution of employer businesses by size of business location in each industry. The greatest variation across industries is found among micro-enterprises. The highest percentage of micro-industries is in professional, scientific and technical services (75.6 percent) and in agriculture, forestry, fishing and hunting (71.9 percent). The lowest percentages of micro-enterprises are found in public administration (22.5 percent), accommodation and food services (27.7 percent) and utilities (33.0 percent).

Table 4: Employer Businesses by Firm Size (Number of Employees) in Industries, December 2011

Industry (Ranked by number of employer businesses)	Employer Businesses										
	Total	Percent of Total									
		1-4	5-9	10-19	20-49	50-99	Small (<100)	100-199	200-499	Medium (100-499)	Large (500+)
Retail Trade	146,056	36.6	30.6	18.4	9.0	3.3	97.9	1.7	0.4	2.1	0.0
Construction	125,851	60.9	20.7	10.3	5.7	1.6	99.2	0.6	0.2	0.8	0.1
Other Services (except Public Administration)	125,200	68.9	18.8	7.9	3.3	0.7	99.6	0.3	0.1	0.4	0.0
Professional, Scientific and Technical Services	124,741	75.6	12.2	6.7	3.8	1.0	99.2	0.5	0.2	0.7	0.1
Health Care and Social Assistance	96,039	54.2	20.7	13.2	6.9	2.5	97.5	1.3	0.8	2.1	0.4
Accommodation and Food Services	74,204	27.7	24.0	22.5	18.5	5.8	98.4	1.2	0.3	1.5	0.1
Wholesale Trade	61,533	45.4	24.2	15.9	10.2	2.8	98.5	1.0	0.4	1.4	0.1
Administrative and Support, Waste Management and Remediation Services	51,889	53.7	21.6	11.9	7.3	2.8	97.3	1.6	0.8	2.4	0.3
Manufacturing	51,766	35.0	20.5	16.7	14.8	6.6	93.6	3.8	2.1	5.9	0.5
Transportation and Warehousing	51,249	66.2	14.2	8.9	6.6	2.3	98.2	0.9	0.6	1.5	0.2
Agriculture, Forestry, Fishing and Hunting	50,872	71.9	15.6	7.3	3.7	1.0	99.6	0.3	0.1	0.4	0.0
Real Estate and Rental and Leasing	44,704	68.7	15.7	9.4	4.4	1.2	99.3	0.4	0.2	0.6	0.1
Finance and Insurance	42,150	49.2	15.5	13.2	17.8	2.4	98.1	0.9	0.7	1.6	0.4
Arts, Entertainment and Recreation	17,028	46.0	21.6	13.8	11.5	4.0	96.9	2.0	0.7	2.8	0.3
Management of Companies and Enterprises	13,982	58.8	14.4	9.4	8.5	3.8	94.9	2.2	1.7	3.9	1.3
Information and Cultural Industries	13,967	53.1	16.7	12.4	10.5	3.7	96.4	2.1	1.0	3.1	0.6
Educational Services	12,273	43.3	19.4	14.7	11.5	4.0	93.0	1.9	1.8	3.7	3.4
Mining, Quarrying, and Oil and Gas Extraction	9,202	58.0	13.8	12.1	8.2	4.1	96.2	2.1	1.1	3.2	0.6
Public Administration	8,234	22.5	17.9	16.5	18.0	9.4	84.2	7.1	5.0	12.1	3.7
Utilities	1,366	33.0	18.5	15.0	15.6	7.2	89.3	4.5	3.1	7.7	3.0
Total	1,122,306	54.9	20.1	12.5	8.1	2.6	98.1	1.2	0.5	1.7	0.2

Source: Statistics Canada, Business Register, December 2011.

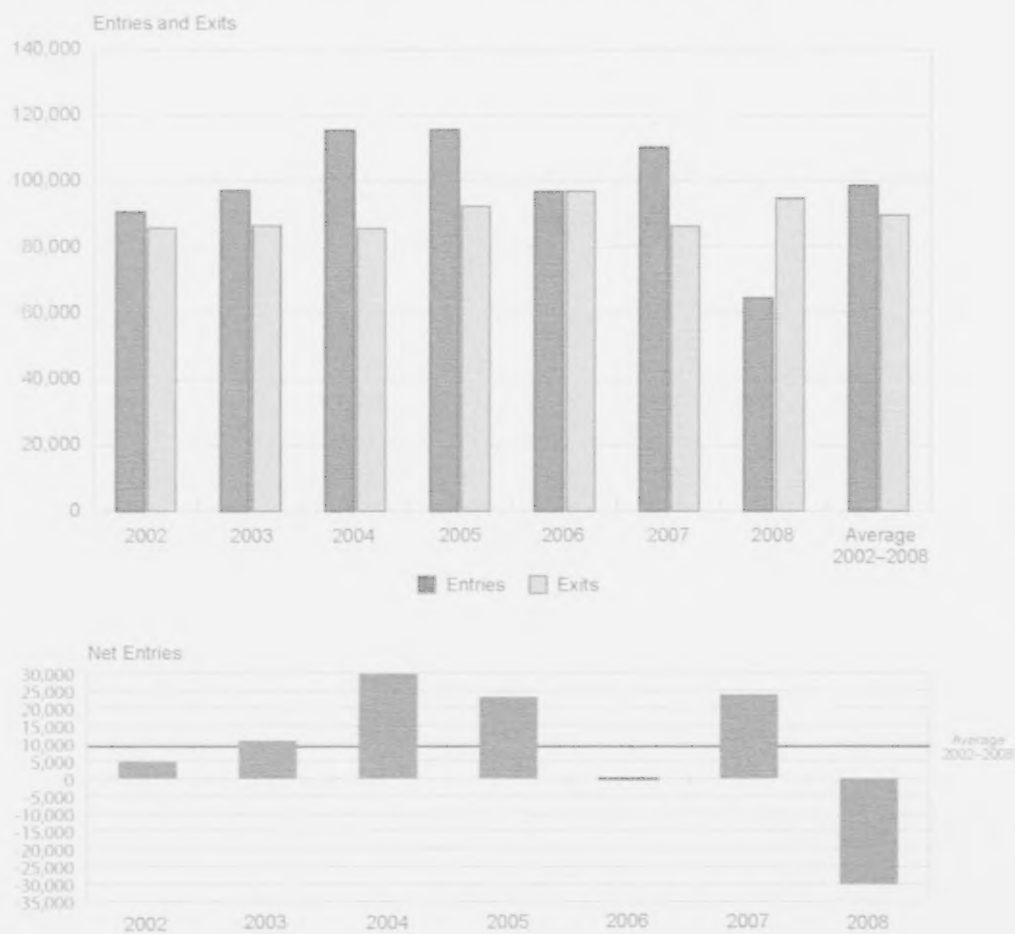
How many businesses appear and disappear each year?

Thousands of businesses enter and exit the marketplace throughout the year. Keeping track of these births and deaths is no easy matter. Statistics Canada made available data on SMEs in Canada through the Small and Medium-Sized Enterprises Data Warehouse (SMEs Data Warehouse).

Figure 2 shows the number of small businesses (those with fewer than 100 employees) that entered and exited the marketplace annually between 2002 and 2008. Over this period, 99,000 new small businesses, on average, were created in Canada each year. There was no clear pattern of business entries over the period. In 2002, there were approximately 90,000 entries, gradually increasing to a peak of over 115,000 in 2005. This figure fell to 97,000 in 2006 before recovering to 110,000 in 2007. The number of entries dropped significantly in 2008 to about 65,000. The number of exits remained at approximately 86,000 from 2002 to 2004. In 2007 and 2008, the number of exits totalled 180,000, reaching 95,000 in 2008. On a net basis, the average number of entries over the 2002–2008 period was 8,800. In 2006, there were more exits than entries, although not by a significant amount. In 2008, however, there were 30,000 more exits than entries.



Figure 2: Entries and Exits of Small Businesses with up to 100 Employees, 2002 to 2008



Source: Statistics Canada, Small and Medium-Sized Enterprises Data Warehouse, 2011.

Bankruptcy statistics

Only a small proportion of firms that exit the marketplace end up filing for bankruptcy. On average over the last 20 years, there have been approximately 11,000 business bankruptcies per year in Canada. In the 1990s, they gradually increased from about 12,000 to a peak of more than 14,000 in 1997. Since then, business bankruptcies have been on the decline, to about 3,600 in 2011.

More detailed statistics on business bankruptcies and the liabilities involved are available on the website of the Office of the Superintendent of Bankruptcy at www.osb.ic.gc.ca.

How long do small businesses survive?

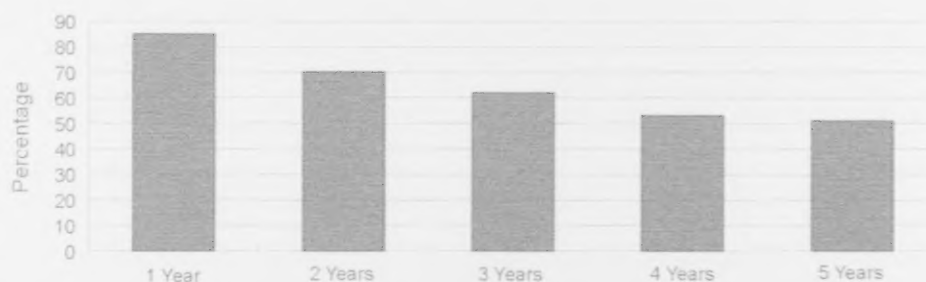
One way to answer the question of how long small businesses are likely to survive is to determine the probability of survival based on predictable factors. Geographic location, type of industry, size and age are some useful factors in predicting how long a business stays active. Other, unforeseen, factors can also affect the survival of a business, including general economic conditions, as well as market influences such as the number and size of competitors and new entrants.

Survival is defined as the percentage of new firms that continue to operate when they reach a given age. The survival of businesses reflects their productivity, innovation and resourcefulness, as well as their adaptability to changing market conditions.

Figure 3 shows survival rates for Canadian small and medium-sized businesses with fewer than 250 employees. The rates represent the percentage of firms that survived until 2006 and were created one to five years prior to that. About 85 percent of businesses that entered the marketplace in 2005 survived for one full year. Survival rates declined over time. About 70 percent of firms survived for two years, 62 percent survived for three years and 51 percent of firms survived for five years. The fact that half of the businesses survive their first five years of operation suggests that these businesses are able to attain competitive advantage in their markets.



Figure 3: Survival Rates of Canadian Employer Businesses (with fewer than 250 employees), 2001–2006



Source: Statistics Canada, Small and Medium-Sized Enterprises Data Warehouse, 2008.

What share of firms are high-growth firms?

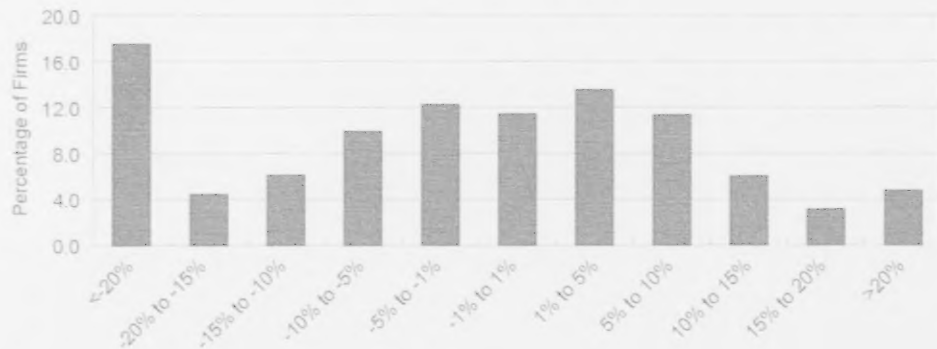
The Canadian economy is dynamic, involving a great deal of churning, i.e., entry and exit of firms. Within this ever-changing environment, start-ups and new firms are very important for creating jobs and wealth. Those firms that achieve high growth in a short period of time tend to make very large contributions in terms of employment and wealth creation. This is one of the reasons for the rising interest in growth firms over the past years among policy-makers and academics.

According to the definition of the Organisation for Economic Cooperation and Development, high-growth firms are those with average annualized growth rates greater than 20 percent per year, over a three-year period, and with 10 or more employees at the beginning of the period. Their growth can be recorded in terms of revenue or employment (number of employees).

Figure 4 illustrates the distribution of all firms based on average annual employment growth between 2003 and 2006. While 4.7 percent³ of businesses are high-growth firms (defined in terms of employment), they created approximately 45 percent of net new jobs. They are more prevalent in terms of revenue than in terms of employment, with 12 percent of firms achieving high growth in revenues. High-growth firms are present in every economic sector and are not just concentrated in knowledge-based industries. As shown in Figure 5, the highest concentration of high-growth firms for the 2003–2006 period was in professional, scientific and technical services; construction; and administrative and support, waste management and remediation services.

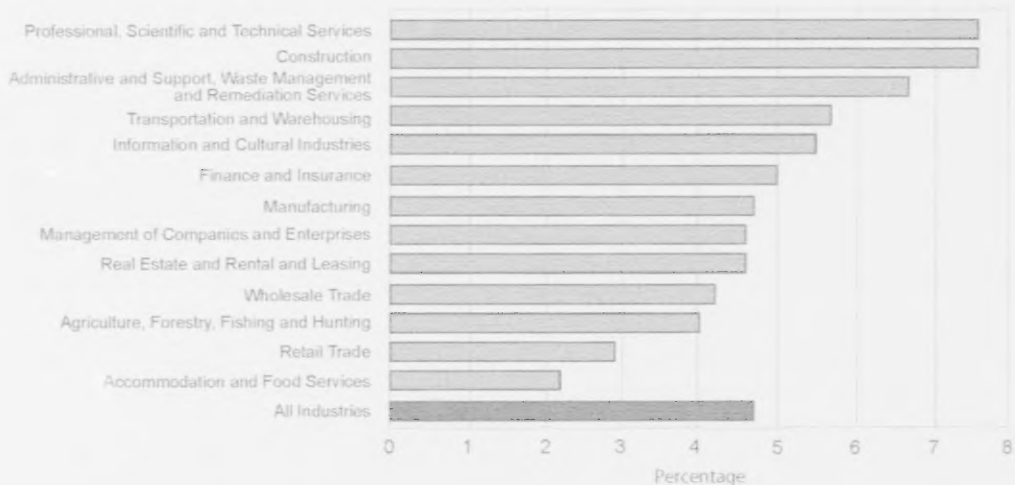
3. Enterprises included in this analysis have 10 to 250 employees. Firms with over 250 employees account for approximately 0.5 percent of all firms in the economy, while those with fewer than 10 employees account for about 75 percent. The latter were excluded from this analysis to allow for international comparisons. Industry Canada estimates that when considering the entire firm population in Canada, there were about 13,000 high-growth firms over the study period.

Figure 4: Distribution of all Firms Based on Average Annual Employment Growth, 2003–2006



Source: Statistics Canada, Small and Medium-Sized Enterprises Data Warehouse, 2009; Industry Canada calculations.

Figure 5: Distribution of High-Growth Firms (Employment Growth) by Industry, 2003–2006



Source: Statistics Canada, Small and Medium-Sized Enterprises Data Warehouse, 2009; Industry Canada calculations.

High-growth firms are more likely than other firms to be research and development (R&D) intensive.⁴ Over the period 2001–2004, 8 percent of high-growth firms were R&D intensive compared with 4.3 percent of traditional firms. Furthermore, employment for the average high-growth firm grew 87.8 percent compared with 0.1 percent growth for the average non-high-growth firm over the same period.⁵

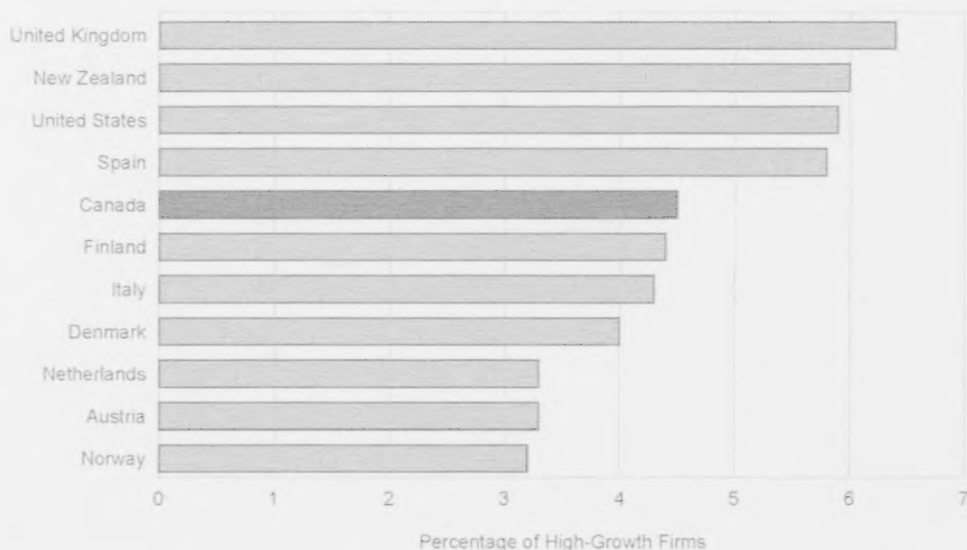
4. R&D intensive firms are defined as businesses that spend more than 20 percent of their investment budget on research and development.

5. Statistics Canada, *Survey on Financing of Small and Medium Enterprises*, 2004; Industry Canada calculations.



Figure 6 shows the share of high-growth firms in Canada and ten other countries. Canada ranks fifth, behind the first-ranked United Kingdom (6.4 percent) and third-ranked United States. However, Canada ranks higher than six other countries whose share of high-growth firms ranges from 3.2 to 4.4 percent.

Figure 6: Share of High-Growth Firms (Employment Growth), International Comparisons, 2002–2005



Source: Biosca, A.B., *Growth Dynamics, Exploring Business Growth and Contraction in Europe and the U.S.* National Endowment for Science, Technology and the Arts (NESTA), 2010.

For more information on high-growth firms, please refer to *Growth Map of Canadian Firms, Special Edition: Key Small Business Statistics* (January 2010).

How many people work for small businesses?

To best answer this question, it is necessary to look at business establishments as part of the larger enterprise to which they belong, where applicable. Statistics Canada defines a business enterprise as “a family of businesses under common ownership and control for which a set of consolidated financial statements is produced on an annual basis.” Statistics Canada’s *Survey of Employment, Payrolls and Hours* (SEPH) covers employer businesses in Canada and reports the number of employees at the enterprise level. Self-employed persons who are not on a payroll are not included in these figures, nor are employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Firms are grouped into seven size categories: those with fewer than 5 employees, from 5 to 19, from 20 to 49, from 50 to 99, from 100 to 299, from 300 to 499, and 500 and more employees.

According to SEPH data, on average in 2011, just over 5.1 million employees on payroll, or 48 percent of the total private sector labour force,⁶ worked for small enterprises (those with fewer than 100 employees) as shown in Table 5. More than 1.7 million, or 16 percent, worked for medium-sized enterprises (those with 100 to 499 employees). In total, therefore, SMEs employed about 6.9 million, or 64 percent, of private sector employees covered by SEPH.

The distribution of employment by size of firm varies considerably across industries. As shown in Table 5 and Figure 7, small businesses account for over two thirds of employment in five industries: the (non-institutional) health care sector (88 percent), forestry (77 percent), other services (75 percent), the construction industry (73 percent), and accommodation and food (66 percent). In three other industries, at least half of the workforce is employed by small businesses. Lastly, in terms of the total number of employees, industries that had the largest number of employees working for small firms were, in order of magnitude, retail trade (0.80 million), accommodation and food (0.71 million), construction (0.62 million), manufacturing (0.53 million), professional services (0.45 million) and wholesale trade (0.38 million). These industries alone accounted for 68 percent of all jobs in small firms in Canada.

6. A technical note on the methodology used to determine the private sector has been revised in 2011 and can be obtained by contacting the Small Business Branch of Industry Canada at smers-rspme@ic.gc.ca. In addition to the industries excluded from SEPH (see Note 1, Table 5), data shown in Table 5 and Figure 7 exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.



Table 5: Number of Private Sector Employees by Industry and Size of Business Enterprise, 2011^{1, 2, 3}

Industry (Ranked by number of employees in small businesses)	Size of Business Enterprise (No. of Employees)									Total
	0-4	5-19	20-49	50-99	Small (<100)	100-299	300-499	Medium (100-499)	Large (500+)	
Retail Trade	102,516	279,896	223,394	189,626	795,431	167,266	36,131	203,397	850,272	1,849,100
Accommodation and Food	45,499	238,423	256,631	171,294	711,847	142,764	42,680	185,444	184,245	1,081,535
*Construction	140,101	236,355	151,091	91,010	618,556	96,817	26,174	122,991	107,217	848,763
*Manufacturing	40,294	147,573	179,783	161,970	529,620	264,356	117,175	381,532	571,775	1,482,927
Professional Services	139,833	153,544	97,348	62,945	453,670	83,959	34,390	118,349	205,639	777,658
Other Services	100,457	166,227	74,581	43,624	384,888	56,440	16,481	72,921	57,952	515,761
Wholesale Trade	49,219	136,568	115,616	62,791	384,193	113,121	39,522	152,644	206,423	743,260
Administration, Waste Management	50,415	100,083	76,261	62,212	288,971	99,334	51,496	150,830	301,573	741,374
Health ²	78,581	101,668	19,778	4,079	204,107	2,925	1,260	4,185	23,005	231,297
Transportation and Warehousing ²	45,545	60,820	48,407	34,869	189,641	48,163	20,333	68,496	295,477	553,614
Real Estate and Rental	43,666	55,826	34,386	22,576	156,454	24,986	9,504	34,490	53,299	244,242
Finance and Insurance	28,757	41,373	35,256	32,454	137,839	51,628	24,864	76,492	470,332	684,662
Arts, Entertainment and Recreation	14,899	36,368	34,980	26,416	112,464	33,790	11,078	44,868	90,071	247,402
Information and Cultural	10,826	21,563	19,397	16,120	67,906	29,898	10,595	40,493	217,818	326,217
Management of Companies and Enterprises	10,686	14,409	12,294	7,740	45,129	9,968	6,078	16,046	42,361	103,535
*Mining	8,721	13,607	11,773	10,732	44,833	20,303	11,223	31,526	130,308	206,667
*Forestry	7,253	11,947	7,660	3,863	30,723	3,732	706	4,437	4,531	39,691
*Utilities ²	107	610	643	656	2,015	2,213	1,577	3,790	106,463	112,268
Percent in Service-Producing Sector	78.6	77.4	74.9	73.8	76.2	69.0	66.0	68.2	76.5	75.1
Percent in Goods-Producing Sector	21.4	22.6	25.1	26.2	23.8	31.0	34.0	31.8	23.5	24.9
Industry Aggregate Total	917,175	1,816,860	1,399,277	1,024,975	5,158,287	1,251,661	461,265	1,712,926	3,918,759	10,789,972
Percentage of Total Employment	8.5	16.8	13.0	9.5	47.8	11.6	4.3	15.9	36.3	100.0

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2012, and calculations by Industry Canada. Industry data are classified in accordance with the North American Industry Classification System (NAICS).

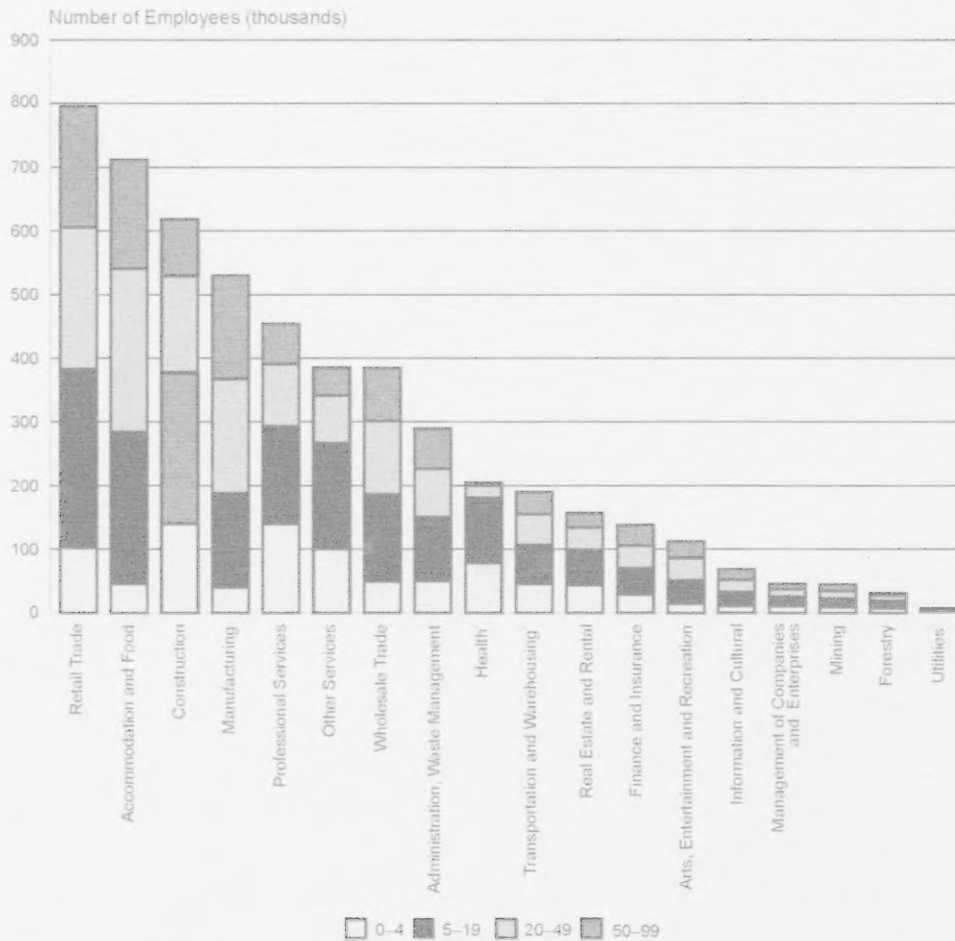
* Industries in the goods-producing sector account for 24.9 percent of total employment in the private sector and 23.8 percent of employment in small businesses.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data breaking down employment by size of firm also exclude unclassified industries.

Note 2: Besides the data excluded from the SEPH, the data shown in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. A technical note on the separation of public and private sector employment is available upon request by contacting the Small Business Branch of Industry Canada at smers-rspme@ic.gc.ca.

Note 3: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33, while NAICS codes 41 to 91 define the service-producing sector.

Figure 7: Number of Private Sector Employees by Industry and Size of Business Enterprise, 2011^{1, 2}



Source: Statistics Canada, *Survey of Employment, Payrolls and Hours (SEPH)*, April 2012, and calculations by Industry Canada. Industry data are classified in accordance with the North American Industry Classification System (NAICS).

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data breaking down employment by size of firm also exclude unclassified industries.

Note 2: Besides the data excluded from the SEPH, the data shown in this figure also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. A technical note on the separation of public and private sector employment is available upon request by contacting the Small Business Branch of Industry Canada at smers-rspme@ic.gc.ca.



How many jobs do small businesses create?

The data that make it possible to answer this question are derived from Statistics Canada's *Survey of Employment, Payrolls and Hours* (SEPH). SEPH data exclude self-employed workers who are not on a payroll. Other limitations also apply (see **How many people work for small businesses?**).

Table 6 displays relative contributions to the net change in private sector paid employment by small, medium-sized and large businesses from 2001 to 2011. Over the years, the relative contribution in terms of size varied greatly. During the period under review, each of the business-size categories played the leading role at different times in net job creation in Canada. For three years, from 2001 to 2002 and in 2010, small businesses made the greatest contribution to net job creation. On the other hand, large businesses played the leading job-creation role from 2003 to 2008. Over the 2001 to 2011 period, small firms accounted for 43 percent of all jobs created, on average, in the private sector.

Table 6: Net Change in Private Sector Paid Employment by Size of Business Enterprise (Annual Averages), 2001–2011^{1, 2}

Year	Size of Business—Number of Employees							
	0–4	5–19	20–49	50–99	Small (<100)	Medium (100–499)	SMEs (<500)	Large (500+)
2001	43,434	30,579	26,994	32,449	133,457	-7,979	125,478	62,808
2002	-7,274	30,622	46,924	64,780	135,052	3,181	138,233	52,214
2003	12,814	259	24,905	23,976	61,953	28,725	90,678	125,383
2004	-12,430	27,944	4,093	7,159	26,766	11,118	37,884	66,989
2005	18,270	-6,774	10,330	17,541	39,367	36,068	75,435	81,977
2006	21,159	22,386	36,523	28,838	108,907	59,425	168,331	121,571
2007	-1,698	38,747	35,846	22,780	95,675	46,801	142,476	106,866
2008	10,080	21,375	21,852	20,849	74,156	13,952	88,107	76,139
2009	-15,970	-43,447	-38,631	-53,654	-151,703	-105,045	-256,748	-151,963
2010	-1,978	6,599	3,115	6,980	14,715	619	15,334	-14,197
2011	-14,728	-8,342	24,685	19,525	21,140	58,489	79,628	76,245
Total Job Creation (2001–2011)	51,679	119,948	196,636	191,222	559,484	145,353	704,837	604,032
Percentage of Job Creation	4.0	9.2	15.0	14.6	42.8	11.1	53.9	46.2

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours (SEPH)*, April 2012, and calculations by Industry Canada. Historical data are frequently revised and, as of 2000, are available on a North American Industry Classification System (NAICS) basis.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are largely due to revisions to the historical SEPH data. A small proportion of the differences is the result of refinements in the methodology used to separate the private and public sectors. A technical note on the separation of public and private sector employment is available upon request by contacting the Small Business Branch of Industry Canada at smers-rsme@ic.gc.ca.



Table 7 shows year-over-year quarterly changes in paid employment from the third quarter of 2008 to the fourth quarter of 2011 by business size. Jobs were created in the third and fourth quarter of 2008 and were lost in every quarter of 2009 and in the first two quarters of 2010. In the second half of 2008, the rate of job creation averaged about 105,000 jobs per quarter. The number of jobs created started declining significantly in 2008 and became negative in 2009. In 2009, the number of jobs lost increased rapidly from 235,000 jobs lost in the first quarter to 527,000 jobs lost in the third quarter. The decrease in GDP growth was a factor in causing job losses throughout 2009 among businesses of all sizes. The rate of job creation started to recover in the fourth quarter of 2009 and reached positive levels in the third quarter of 2010.

Small businesses lost jobs in each year-over-year period between the first quarter of 2009 and the first quarter of 2010. Small businesses regained jobs in the second quarter of 2010, while medium-sized and large businesses regained jobs in the third quarter of 2010. In 2011, small businesses lost jobs in the second quarter. This occurred mainly in firms with fewer than 20 employees.

Job creation among micro-businesses was the most volatile of the seven firm-size categories. This is the only firm-size category in 2009 that was a source of job creation, when micro-businesses created about 16,000 jobs in the third quarter of 2009. However, micro-businesses shed jobs from the fourth quarter of 2008 to the second quarter of 2009, in the fourth quarter of 2009, in the third quarter of 2010 and in every quarter of 2011.

Table 7: Year-Over-Year Net Private Sector Paid Employment Change and Percent Contribution by Size of Business Enterprise, Quarterly, 2008 Q3 to 2011 Q4^{1, 2, 3}

Year and Quarter	Total Net Change	Net Private Sector Paid Employment Change by Size of Business								
		0-4	5-19	20-49	50-99	Small (<100)	100-299	300-499	Medium (100-499)	Large (500+)
2008 Q3	162,193	5,753	4,772	22,482	26,326	59,332	-3,212	20,993	17,781	85,072
Q4	48,755	-1,890	11,202	4,734	2,855	16,900	-11,883	8,326	-3,557	35,409
2009 Q1	-235,076	-17,752	-32,123	-17,016	-33,154	-100,045	-56,857	-4,516	-61,373	-73,654
Q2	-446,421	-49,058	-34,698	-46,780	-60,785	-191,322	-66,064	-43,817	-109,881	-145,221
Q3	-527,341	15,659	-74,641	-59,341	-71,973	-190,296	-75,541	-55,131	-130,672	-206,366
Q4	-426,015	-12,751	-32,324	-31,404	-48,703	-125,182	-72,042	-46,215	-118,257	-182,578
2010 Q1	-194,338	3,623	-3,441	-16,064	-17,697	-33,579	-25,677	-32,730	-58,407	-102,359
Q2	-15,397	15,161	4,206	6,736	2,644	28,746	-957	-8,412	-9,369	-34,774
Q3	90,275	-33,515	33,053	18,067	25,595	43,200	19,597	7,634	27,231	19,847
Q4	124,008	6,854	-7,447	3,720	17,368	20,495	34,701	8,306	43,006	60,509
2011 Q1	145,447	-14,398	-5,221	20,766	15,747	16,894	34,353	10,196	44,549	84,004
Q2	140,644	-15,749	-24,735	15,158	21,104	-4,222	48,151	11,186	59,337	85,521
Q3	162,177	-16,502	-5,582	27,720	15,966	21,602	47,206	20,072	67,278	73,296
Q4	167,041	-8,502	-89	31,402	23,107	45,918	46,583	12,594	59,176	61,945
% Contribution to Private Sector Employment Change by Size of Business										
2008 Q3	100	3.5	2.9	13.9	16.2	36.6	-2.0	12.9	11.0	52.5
Q4	100	-3.9	23.0	9.7	5.9	34.7	-24.4	17.1	-7.3	72.6
2009 Q1	100	7.6	13.7	7.2	14.1	42.6	24.2	1.9	26.1	31.3
Q2	100	11.0	7.8	10.5	13.6	42.9	14.8	9.8	24.6	32.5
Q3	100	-3.0	14.2	11.3	13.6	36.1	14.3	10.5	24.8	39.1
Q4	100	3.0	7.6	7.4	11.4	29.4	16.9	10.8	27.8	42.9
2010 Q1	100	-1.9	1.8	8.3	9.1	17.3	13.2	16.8	30.1	52.7
Q2	100	-98.5	-27.3	-43.7	-17.2	-186.7	6.2	54.6	60.9	225.8
Q3	100	-37.1	36.6	20.0	28.4	47.9	21.7	8.5	30.2	22.0
Q4	100	5.5	-6.0	3.0	14.0	16.5	28.0	6.7	34.7	48.8
2011 Q1	100	-9.9	-3.6	14.3	10.8	11.6	23.6	7.0	30.6	57.8
Q2	100	-11.2	-17.6	10.8	15.0	-3.0	34.2	8.0	42.2	60.8
Q3	100	-10.2	-3.4	17.1	9.8	13.3	29.1	12.4	41.5	45.2
Q4	100	-5.1	-0.1	18.8	13.8	27.5	27.9	7.5	35.4	37.1

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), April 2012, and calculations by Industry Canada.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are largely due to revisions to the historical SEPH data. A small proportion of the differences is the result of refinements in the methodology used to separate the private and public sectors. A technical note on the separation of public and private sector employment is available upon request by contacting the Small Business Branch of Industry Canada at smers-rspme@ic.gc.ca.

Note 3: Minor discrepancies between total net employment change and the sum of changes by size are largely due to small differences between aggregate and the sum of disaggregated source data.

How much do employees of small businesses earn?

Statistics Canada's *Survey of Employment, Payrolls and Hours* (SEPH) publishes average weekly earnings at the enterprise level based on weekly payroll data. Data include gross pay, as well as overtime and bonuses, commissions and other special payments, before major deductions such as income taxes, employment insurance contributions, etc., but exclude taxable allowances and benefits, and employer contributions to employment insurance, pension plans and other welfare plans. Average weekly earnings are derived by dividing total weekly payrolls by payroll employment (see **How many people work for small businesses?**). SEPH excludes self-employed persons not on a payroll and does not cover the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data shown below also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores.

In 2011, an average worker in Canada's private sector earned approximately \$852 per week (or about \$44,304 per year) (Table 8 and Figure 8). Generally, employees' weekly earnings were positively related to the size of the business. Employees working for businesses with fewer than 100 employees earned below the average with weekly earnings of \$763 (\$39,676 in annual earnings). Those working for medium-sized firms (more than 100 but fewer than 500 employees) also earned below the average with weekly earnings of \$832 (\$43,264 in annual earnings), whereas those working for large firms (500 employees or more) earned above the average with weekly earnings of \$941 (\$48,932 in annual earnings). In the service-producing sector, micro-firms had the highest weekly earnings of all small businesses at \$784 (or \$40,768 per year). This may be because employment in larger small firms is concentrated in the three lowest-paying industries, namely retail trade; accommodation and food services; and arts, entertainment and recreation.

On average in 2011, employees in the goods-producing sector were paid \$333 more per week than those working in the service-producing sector. The difference in earnings between the two sectors was greatest in large firms at approximately \$501 per week or an annual average differential of \$26,052. However, goods-producing employees also worked longer hours, so the difference in earnings per hour would be less pronounced.

Table 8: Average Weekly Earnings by Firm Size (Number of Employees) in the Private Sector, 2011^{1, 2}

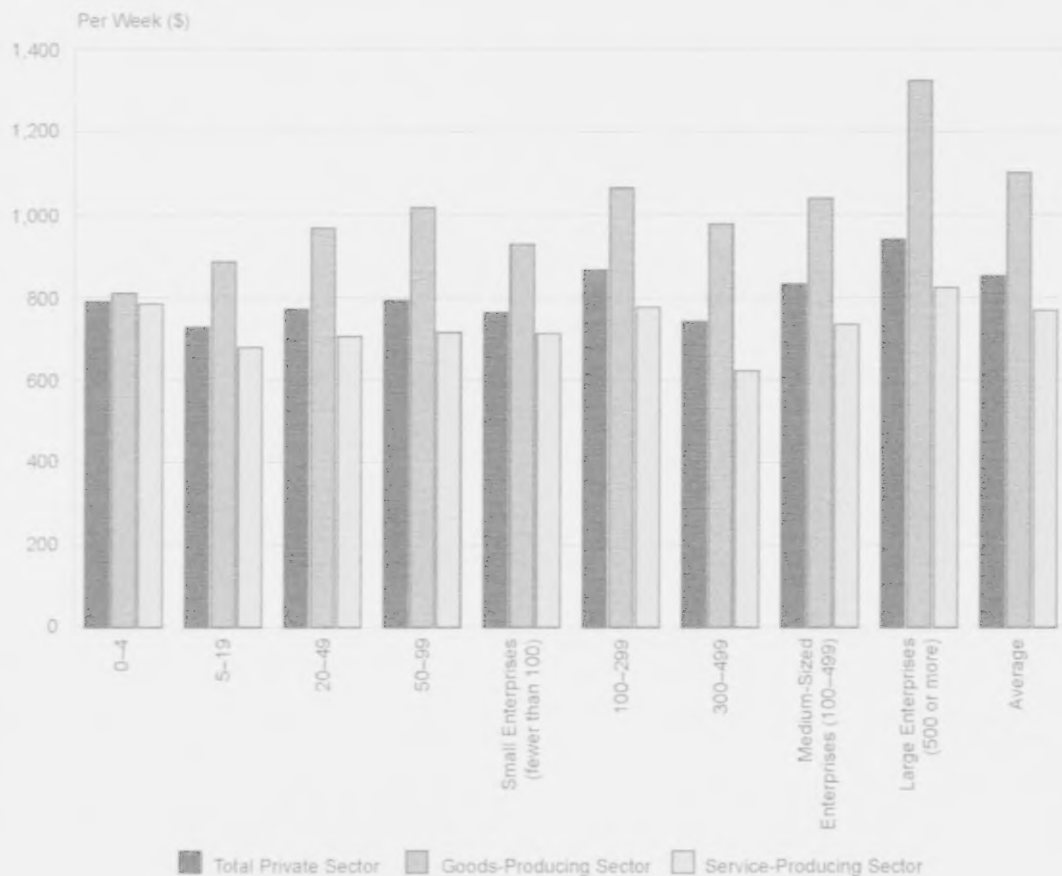
Number of Employees	Private Sector	Goods-Producing Sector ²	Service-Producing Sector ²
0-4	\$789	\$809	\$784
5-19	\$727	\$895	\$678
20-49	\$771	\$967	\$705
50-99	\$793	\$1,017	\$714
Small Enterprises (fewer than 100)	\$763	\$928	\$712
100-299	\$865	\$1,064	\$775
300-499	\$742	\$977	\$622
Medium-Sized Enterprises (100-499)	\$832	\$1,039	\$735
Large Enterprises (500 or more)	\$941	\$1,325	\$824
Average	\$852	\$1,102	\$769

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours (SEPH)*, April 2012, and calculations by Industry Canada.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data in this table also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. A technical note on the separation of public and private sector employment is available upon request by contacting the Small Business Branch of Industry Canada at smers-rspme@ic.gc.ca.

Note 2: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33, while NAICS codes 41 to 91 define the service-producing sector.

Figure 8: Average Weekly Earnings in the Goods-Producing and Service-Producing Sectors by Firm Size in the Private Sector, 2011^{1,2}



Source: Statistics Canada, *Survey of Employment, Payrolls and Hours (SEPH)*, April 2012, and calculations by Industry Canada.

Note 1: SEPH data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. Data in this figure also exclude employment in public administration, public utilities (water, sewage and other systems), postal services, public transit, educational services, and institutional and other government-funded health care services, but include employment in the CBC, private practices (physicians, dentists and other health practitioners), and beer and liquor stores. A technical note on the separation of public and private sector employment is available upon request by contacting the Small Business Branch of Industry Canada at smers-rspme@ic.gc.ca.

Note 2: By conventional Statistics Canada definition, the goods-producing sector consists of North American Industry Classification System (NAICS) codes 11 to 31-33, while NAICS codes 41 to 91 define the service-producing sector.

What is the contribution of small businesses to Canada's gross domestic product?

Gross domestic product (GDP) is a key measure of economic production that can be used to compare any two industries' value added, i.e., the value that an industry, through its activities, adds to its inputs. The main advantage of the GDP concept is that it avoids double counting; hence, it is considered superior in gauging economic performance over, for example, revenue, business counts or even employment.

The Government of British Columbia's Statistical Service (BC Stats) has developed a method to determine the small business contribution to GDP by province using the income-based approach of the System of National Accounts.⁷ Table 9 shows the percentage of small businesses' contribution to GDP (including public and private sectors) for Canada and each province from 2001 to 2010.

BC Stats' definition of small business is restricted to businesses with fewer than 50 employees, plus those operated by the self-employed with no paid employees. By this definition, it is estimated that, in 2010, small businesses accounted for approximately 27 percent of Canada's GDP. The percentage varies from a low of 19 percent in Newfoundland and Labrador to a high of 30 percent in Saskatchewan and British Columbia. Over the 2001 to 2010 period, the contribution of small businesses to GDP increased slightly at the national level from 26 percent in 2001 to 29 percent in 2007 and 2008 and to 28 percent in 2009 and 27 percent in 2010. The largest increase occurred in Saskatchewan, where the GDP contribution was 26 percent in 2001 and 35 percent in 2009. The GDP contribution decreased most in Prince Edward Island, where it fell from 33 percent in 2001 to 26 percent in 2010.

Figure 9 shows the contribution to GDP by firm size for only one year, 2005, using a different methodology. In a recent study, Statistics Canada found that small businesses (here defined as those with 1 to 100 employees) accounted for about 42 percent of private sector GDP and SMEs (those with 1 to 499 employees) accounted for about 54 percent (Figure 9.1). Industry Canada's estimates indicate that, when taking into account both the public and the private sectors, small businesses in the private sector account for about 31 percent of GDP, while medium-sized businesses account for 9 percent (Figure 9.2).

7. A background note describing the method in somewhat greater detail is available upon request by contacting the Small Business Branch of Industry Canada at smers-rspme@ic.gc.ca.

Table 9: Small Businesses' Contribution to GDP by Province, 2001 to 2010^{1,2}

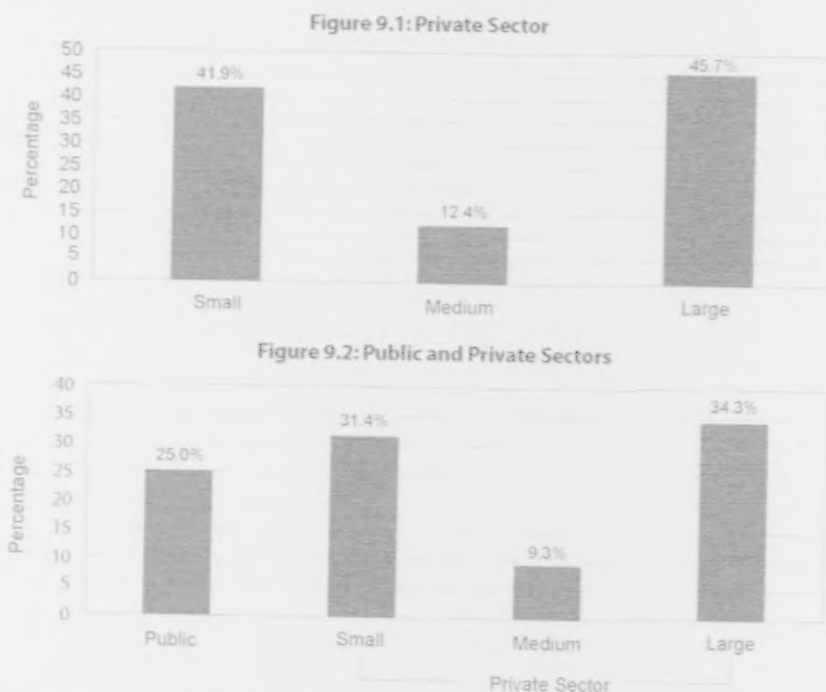
Province	Contribution to GDP (Percent)									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Newfoundland and Labrador	20	19	18	21	19	19	18	18	20	19
Prince Edward Island	33	32	29	31	30	30	29	29	29	26
Nova Scotia	26	26	25	26	25	25	26	25	25	24
New Brunswick	24	25	23	25	25	24	25	25	24	23
Quebec	27	27	27	29	30	30	30	31	30	28
Ontario	25	24	23	24	25	26	26	27	26	25
Manitoba	24	23	24	25	25	26	26	26	26	24
Saskatchewan	26	26	24	29	29	30	32	33	35	30
Alberta	26	28	26	26	27	29	31	31	29	27
British Columbia	29	28	29	33	33	33	34	34	32	30
Canada	26	26	25	27	28	28	29	29	28	27

Source: British Columbia's Statistical Service, *Small Business Profile 2011: British Columbia*.

Note 1: In these data, small businesses comprise businesses with fewer than 50 employees, plus those operated by the self-employed with no paid employees.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* reflect changes to the underlying data on which the numbers are based, as well as a refinement of the methodology used to generate the estimates.

Figure 9: Contribution to GDP by Firm Size, Public and Private Sectors, 2005



Source: Statistics Canada, *Small, Medium-Sized and Large Businesses in the Canadian Economy: Measuring Their Contribution to Gross Domestic Product in 2005*, June 2011; Industry Canada calculations.

Who is self-employed?

Self-employed workers are people who earn income directly from their own business, trade or profession rather than earn a specified salary or wage from an employer. Statistics Canada defines the self-employed as working owners of an unincorporated or incorporated business, persons who work on their own account but do not have a business and persons working without pay in a family business.

How many people are self-employed?

In 2011, there were 2.67 million self-employed workers, representing around 15.4 percent of all employed workers in the Canadian economy (Table 10). The number of self-employed reached 2.70 million in the third quarter of 2010, and decreased by the first quarter of 2012 to 2.62 million. Over the past decade, the number of self-employed workers increased by 17 percent, while the growth rate of the overall labour force was 15 percent. Slightly more than one third of self-employed workers were female—the share of female self-employment rose steadily from 1976 to 1998, from 26 percent to 36 percent, and has remained at around 35 percent since 1999.

Table 11 shows a breakdown of the self-employed in five categories from 2001 to 2011. On average in 2011, of 2.67 million self-employed workers, 68.0 percent had no paid help, 31.3 percent worked with paid help and 0.8 percent were unpaid family workers. Self-employed workers with and without paid help are further categorized according to whether their businesses⁸ were incorporated or not. Of those who worked without paid help, 1.3 million or 73 percent were unincorporated in 2011; this category accounted for almost half the total number of self-employed in Canada. In the category with paid help, 73 percent were incorporated. Therefore, the preferred choice of those with paid help is to be incorporated, while those without paid help are mostly unincorporated.

8. Although the term "incorporated activities" generally refers to businesses, this is not necessarily the case when we speak of "unincorporated activities." According to the definition used by Statistics Canada's *Labour Force Survey*, self-employed workers involved in unincorporated activities are "active owners of a business, farm or unincorporated professional office and independent workers who do not have a business as such (child-care workers, newspaper delivery agents, etc.)."



Table 10: Total Number of Self-Employed Persons (Thousands) by Gender, Yearly and Quarterly, 2001–2012^{1, 2}

Year and Quarter	Total Self-Employment	Self-Employment as a Percentage of Total Employment	Male Self-Employed	Percentage of Self-Employed	Female Self-Employed	Percentage of Self-Employed
2001	2,276.7	15.2	1,503.3	66	773.4	34
2002	2,314.5	15.1	1,499.7	65	814.7	35
2003	2,401.8	15.3	1,571.1	65	830.7	35
2004	2,453.4	15.4	1,614.5	66	838.9	34
2005	2,511.6	15.5	1,645.6	66	866.0	34
2006	2,498.0	15.2	1,621.4	65	876.6	35
2007	2,615.0	15.5	1,703.2	65	911.9	35
2008	2,629.6	15.4	1,719.7	65	909.9	35
2009	2,701.7	16.0	1,742.3	64	959.4	36
2010	2,669.8	15.7	1,736.3	65	933.5	35
2011	2,670.4	15.4	1,719.7	64	950.8	36
2008 Q1	2,592.6	15.4	1,703.4	66	889.2	34
Q2	2,622.5	15.2	1,705.1	65	917.4	35
Q3	2,646.4	15.3	1,742.7	66	903.7	34
Q4	2,657.0	15.5	1,727.7	65	929.4	35
2009 Q1	2,632.5	15.9	1,710.9	65	921.6	35
Q2	2,685.3	15.9	1,730.7	64	954.6	36
Q3	2,743.0	16.1	1,768.3	64	974.7	36
Q4	2,746.0	16.3	1,759.3	64	986.8	36
2010 Q1	2,674.3	16.1	1,718.6	64	955.7	36
Q2	2,672.9	15.6	1,739.3	65	933.5	35
Q3	2,701.5	15.6	1,765.5	65	936.0	35
Q4	2,647.9	15.5	1,733.2	65	914.7	35
2011 Q1	2,634.6	15.6	1,707.1	65	927.4	35
Q2	2,689.5	15.4	1,734.1	64	955.3	36
Q3	2,689.0	15.3	1,721.6	64	967.3	36
Q4	2,668.7	15.4	1,715.8	64	953.0	36
2012 Q1	2,622.0	15.4	1,693.7	65	928.3	35

Source: Statistics Canada, *Labour Force Survey*, April 2012.

Note 1: Figures for men and women may not add up to total due to rounding.

Note 2: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to data from the *Labour Force Survey*.

The number of self-employed persons with incorporated businesses increased 2.9 percent annually, on average, over the past 10 years (not shown), compared with 1.5 percent for all self-employed. However, there was a great difference in the pattern of growth between incorporated businesses with paid help and those without. The number of incorporated businesses with paid help grew 2 percent annually, on average, between 2001 and 2011. In contrast, the number of incorporated self-employed persons without paid help increased rapidly between 2001 and 2011, at an average annual increase of 4.6 percent.

As shown in Table 11, the total number of self-employed workers in Canada increased at an annual rate of 2 percent between 1981 and 2011 but, as shown in Figure 10, the various categories of self-employed workers experienced slightly different growth rates over that period. For example, in the last two decades, there was negative growth in the category of unincorporated self-employed individuals with paid help. The annual average growth over the entire period was -0.4 percent. The highest growth for self-employed workers without paid help occurred over the 1991–2001 period (3.5 percent). For those with paid help, the highest growth occurred during the 1981–1991 period (3.2 percent).

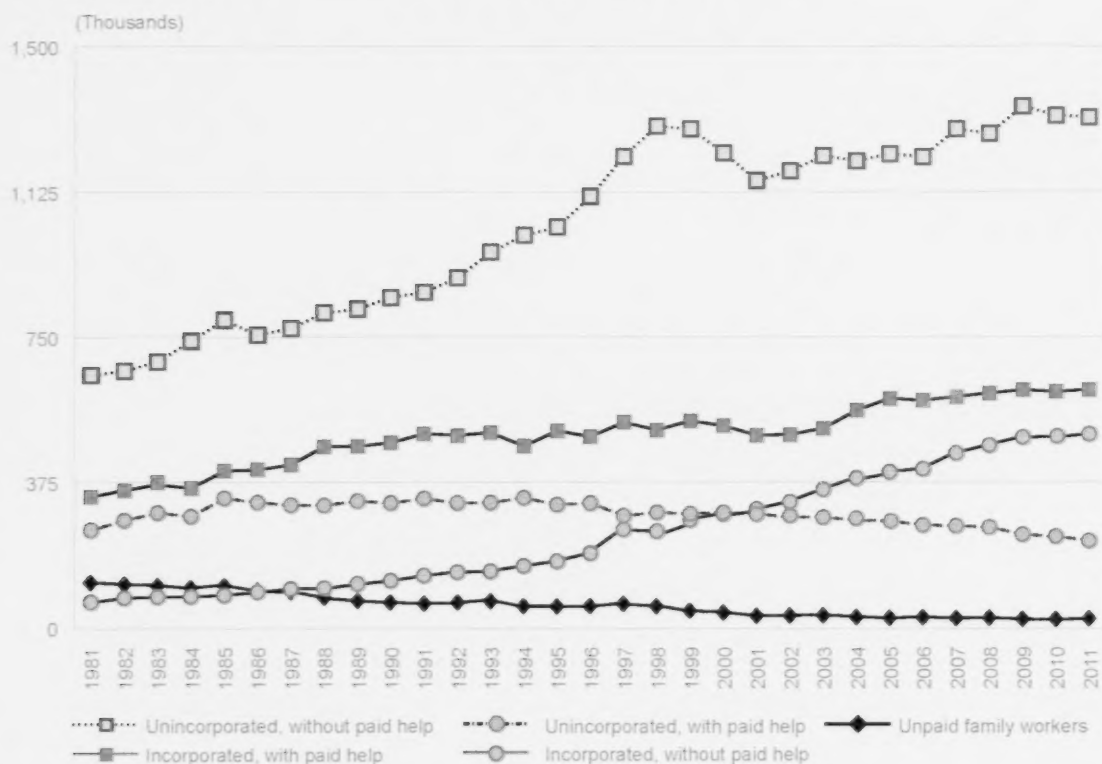
Table 11: Average Annual Number of Self-Employed Persons by Category (Thousands), 2001–2011, and Average Annual Growth Rates (Percent), 1981–2011¹

Year	Total	With Paid Help			Without Paid Help			Unpaid Family Workers
		Total	Incorporated	Unincorporated	Total	Incorporated	Unincorporated	
2001	2,276.7	787.1	495.3	291.8	1,457.2	304.2	1,153.0	32.4
2002	2,314.4	781.1	497.2	283.9	1,500.8	323.2	1,177.6	32.5
2003	2,401.8	796.2	513.1	283.1	1,571.6	355.3	1,216.3	34.0
2004	2,453.5	835.3	559.4	275.9	1,588.5	384.6	1,203.9	29.7
2005	2,511.5	863.8	590.4	273.4	1,622.1	400.3	1,221.8	25.6
2006	2,498.1	847.9	584.9	263.0	1,621.9	407.9	1,214.0	28.3
2007	2,615.0	855.5	594.8	260.7	1,734.2	448.7	1,285.5	25.3
2008	2,629.7	861.3	603.8	257.5	1,743.1	469.1	1,274.0	25.3
2009	2,701.6	850.6	612.2	238.4	1,829.6	485.2	1,344.4	21.4
2010	2,669.7	841.2	607.7	233.5	1,811.4	490.4	1,321.0	17.1
2011	2,670.4	835.1	612.9	222.2	1,814.7	498.0	1,316.7	20.6
Average Annual Growth Rate, 1981–2011								
1981–1991	2.6%	3.2%	3.6%	2.6%	3.1%	6.7%	2.6%	-5.4%
1991–2001	1.7%	-0.5%	-0.1%	-1.2%	3.5%	7.8%	2.6%	-6.1%
2001–2011	1.5%	0.5%	2.0%	-2.4%	2.0%	4.6%	1.2%	-4.0%
1981–2011	2.0%	1.1%	1.9%	-0.4%	3.0%	6.8%	2.3%	-5.5%

Source: Statistics Canada, *Labour Force Survey*, April 2012.

Note 1: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to data from the *Labour Force Survey*.

Figure 10: Self-Employed Persons (Thousands) by Category, 1981–2011



Source: Statistics Canada, *Labour Force Survey*, April 2012.

Self-employed workers owning incorporated businesses registered the highest growth rates between 1981 and 2011—6.8 percent for businesses without paid employees, followed by unincorporated businesses without paid employees at 2.3 percent and incorporated businesses with paid employees at 1.9 percent.

Three categories experienced growth rates below the 2-percent average, which means their relative importance in terms of self-employed workers diminished. These categories were self-employed workers owning incorporated businesses with paid employees (1.9 percent), unincorporated businesses with paid employees (-0.4 percent) and unpaid family workers (-5.5 percent).

How has self-employment contributed to job creation?

Generally, the increasing trend toward self-employment has supported total employment growth. Positive contributions to total net employment growth in the private sector have ranged from 13 percent to 40 percent per year between 2001 and 2011 (Table 12).⁹ The number of self-employed workers fell in 2010, which is only the fifth time this has happened over the 1981–2011 period (Figure 11). The other four years were 1986, 2000, 2001 and 2006. In 1982, 1991, 1992 and 2009, self-employment grew, while total employment growth turned negative due to economic recessions. It is interesting to note that the two greatest increases in the number of self-employed persons relative to the overall change in private sector employment occurred at the end of these recessions (in 1983 and 1993)—167 percent in 1983 and 125 percent in 1993.

Table 12: Private Sector Total Net Employment Change and Net Self-Employment Change, Year-Over-Year, 2001–2011^{1, 2, 3}

Year	Private Sector Total Net Employment Change (thousands)	Private Sector Employees		Self-Employed Persons	
		Net Change (thousands)	Percentage of Total Private Sector Employment Change	Net Change (thousands)	Percentage of Total Private Sector Employment Change
2001	138.3	235.4	170	-97.1	-70
2002	296.9	261.1	87	37.8	13
2003	315.0	227.6	72	87.3	28
2004	186.2	134.7	72	51.5	28
2005	144.1	85.9	60	58.2	40
2006	240.0	253.6	106	-13.6	-6
2007	297.3	180.2	61	117.1	39
2008	117.7	103.1	88	14.6	12
2009	-264.6	-336.6	127	72.1	-27
2010	92.9	124.9	134	-31.9	-34
2011	213.2	212.6	100	0.7	0

Source: Statistics Canada, *Labour Force Survey*, April 2012.

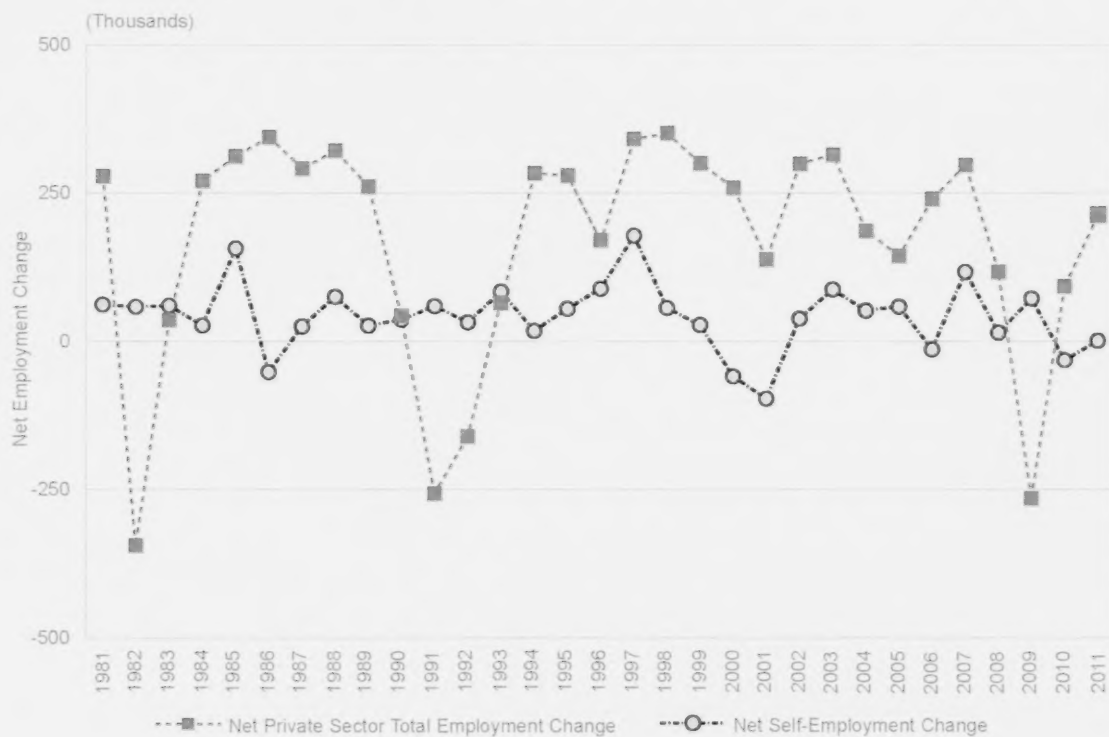
Note 1: (-) indicates a negative contribution to total net employment change.

Note 2: Net change figures may not add up to total net change due to rounding.

Note 3: Differences between these data and those published in previous versions of *Key Small Business Statistics* are due to revisions made to data from the *Labour Force Survey*.

9. In Table 12, employment in the private sector is defined as the total of self-employed workers and private sector employees, regardless of business size. The definition of private sector employees in the *Labour Force Survey* used in Table 12 is not identical to the definition in the *Survey of Employment, Payrolls and Hours* (SEPH) data in Tables 5 to 7, but the differences are minor.

Figure 11: Private Sector Total Net Employment Change and Net Self-Employment Change, Year-Over-Year (Thousands), 1981–2011

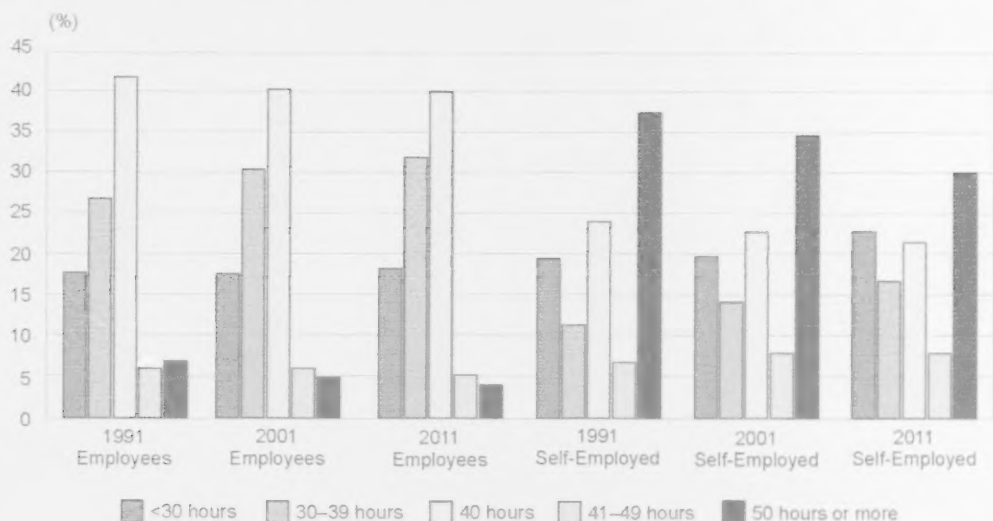


Source: Statistics Canada, *Labour Force Survey*, April 2012.

Do the self-employed work longer hours than employees?

The evidence is strong that the self-employed work longer hours than employees; this has been the case since 1991. On average, the self-employed worked 39.5 hours per week in 2011 compared with 35.3 hours for employees. Even more striking is the large difference in those who usually worked over 50 hours per week in 2011—30.3 percent of self-employed persons worked over 50 hours compared with less than 4.1 percent of employees (Figure 12).

Figure 12: Percentage Distribution of Usual Weekly Hours Worked by Employees and the Self-Employed, 1991, 2001 and 2011



Source: Statistics Canada, *Labour Force Survey*, April 2012.

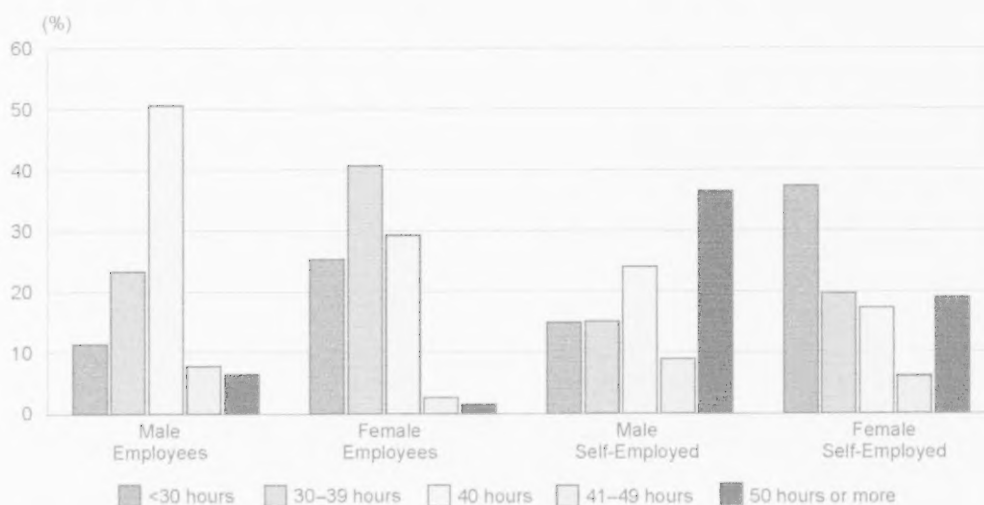
When it comes to working part-time (less than 30 hours per week), the self-employed differ from employees—23.0 percent of the self-employed and 18.4 percent of employees worked part-time in 2011. These differences between the self-employed and employees persisted over the 1991–2011 period, although there has been some abatement in the tendency of the self-employed to work over 50 hours per week since 2001. As well, there has been a small change in the proportion of those working part-time, both among the self-employed and among employees.

As shown in Figure 13, there are also major differences between men and women in usual weekly hours worked—men are more likely to work long hours, whereas women are more likely to work part-time. On average, self-employed men worked 43.1 hours per week in 2011 compared with 33.1 hours for self-employed women. Furthermore, 36.6 percent of self-employed men worked over 50 hours in 2011 compared with 19.1 percent of self-employed women.



The same pattern applies among employees, although at much lower levels—6.5 percent of male employees worked over 50 hours in 2011 compared with 1.6 percent of female employees.

Figure 13: Percentage Distribution of Usual Weekly Hours Worked by Class of Worker and Gender, 2011



Source: Statistics Canada, *Labour Force Survey*, April 2012.

Females are more likely to work part-time, whether they are self-employed or are employees. Among the self-employed, 37.5 percent of women worked part-time (less than 30 hours) in 2011 compared with 15.0 percent of men. Among employees, 25.4 percent of women worked part-time in 2011 compared with 11.5 percent of men.

How many small business entrepreneurs are women?

There is no easy way to precisely determine the number of entrepreneurs in Canada, much less the number of women entrepreneurs. However, it is possible to estimate the number using available data on self-employment and business ownership.

Statistics Canada's *Labour Force Survey* reports there were 950,000 self-employed women in Canada in 2011, accounting for about one third of all self-employed persons. (Although not all of the self-employed would identify themselves as entrepreneurs, the number of self-employed women provides an upper limit for the number of female entrepreneurs.¹⁰) Between 2001 and 2011, the number of self-employed women grew by 23 percent compared with 14-percent growth in male self-employment.

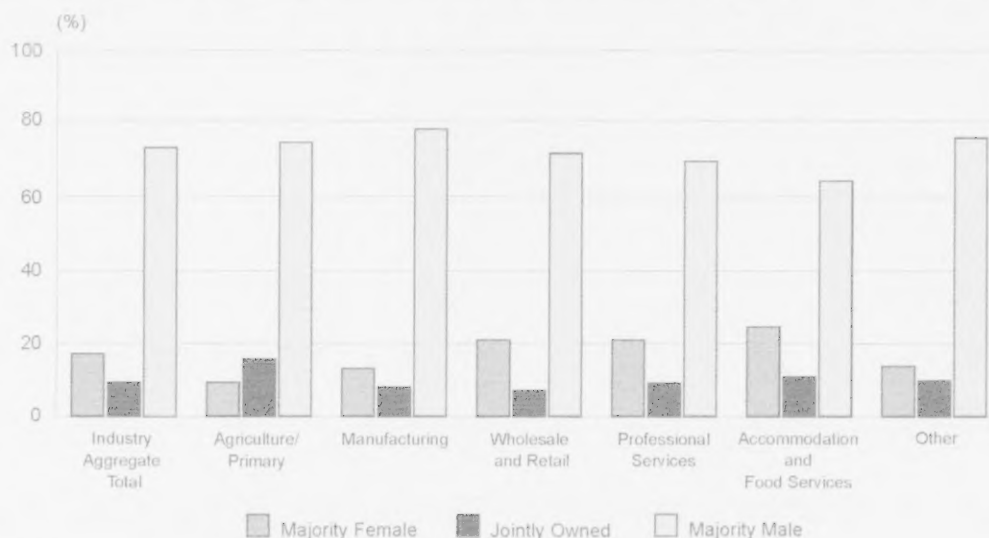
Another way to count entrepreneurs is through business ownership. Industry Canada's *Credit Conditions Survey*, 2010 distinguishes three types of business ownership based on gender: majority female ownership, equal partnership between male and female owners and majority male ownership.

Employer small businesses (those with 1 to 99 employees) with equal partnerships between male and female owners accounted for 9.3 percent, while 17.1 percent were majority-owned by females. The degree of female ownership varied by industry, but it is clear that the percentage of female-owned businesses lags behind the percentage of majority male-owned businesses in every industry (Figure 14).

Accommodation and food services industries have the highest share of businesses that are majority-owned by females, at 25 percent, whereas small businesses in agriculture and primary industries have the lowest level, with only 9 percent of businesses majority-owned by females. Professional services and wholesale and retail each accounted for 21 percent of businesses that were majority-owned by females, while the manufacturing sector accounted for 13 percent.

10. Some entrepreneurs, especially if they are on the payroll of their own businesses, may not identify themselves as being self-employed; however, this number is likely to be smaller than the number of self-employed who are not entrepreneurs.

Figure 14: Business Ownership Distribution by Gender and Industry, 2010



Source: Industry Canada, *Credit Conditions Survey*, 2010.

Table 13 shows the degree of female business ownership by region. In 2010, majority female-owned small businesses accounted for 19 percent of all small businesses in Quebec and 18 percent of all small businesses in Atlantic Canada. Majority female-owned small businesses in Ontario accounted for 17 percent, while those in the Prairies and British Columbia each accounted for 15 percent of all small businesses in those regions. While British Columbia was among the regions with the lowest percentage of majority female-owned firms, the region had the highest percentage of firms that were half-owned by women (13 percent).

Table 13: Business Ownership Distribution by Gender and Region, 2010

Region	Degree of Female Ownership (Percent)		
	<50%	50%	>50%
Atlantic Provinces	75	8	18
Quebec	74	7	19
Ontario	75	8	17
Prairies	73	12	15
British Columbia	72	13	15
Territories ¹	—	—	—

Source: Industry Canada, *Credit Conditions Survey*, 2010.

Note 1: Dash indicates estimates suppressed due to confidentiality.

What is the contribution of small businesses to Canada's exports?

Exporting is vital to Canada's economy and has accounted for close to 40 percent of GDP in recent years, with the exception of 2009 and 2010. In both years, exports of goods and services accounted for 30 percent of GDP, which could be explained by the global recession and the high value of the Canadian dollar. Exports can be a driver of economic growth and are strongly correlated with real GDP growth. Furthermore, exporting can provide a strategically important means of growing a firm by expanding its market beyond the confines of Canada's relatively small domestic market.

Table 14 shows the distribution of the value of exports by industry and size of firm in 2010. In 2010, the total value of merchandise exports by Canadian enterprises was approximately \$326 billion.¹¹ This represents an increase of about \$26 billion (9 percent) compared with 2009. In 2009, there was a reduction in the demand for Canadian goods and other effects of the global recession made 2009 a particularly difficult year for exports. Although the value of exports has not reached pre-recession levels, it did increase in 2010.

In 2010, about 86 percent of Canadian exporters were small businesses compared with 85 percent in 2008 and 87 percent in 1999. More importantly, small businesses were responsible for \$77 billion (25 percent) of the total value of exports in 2010, with an average value of \$3 million per firm.

Medium-sized businesses accounted for \$52 billion (17 percent) of the total value of exports in 2010, with an average value of \$14 million per firm. Large businesses accounted for \$185 billion (59 percent) of the total value of exports, with an average value of \$158 million per firm.

The proportion of small businesses that export (1.3 percent)¹² is lower than the proportion of small businesses in the overall economy (98 percent). There were about 30,000 small business exporters in 2010. In the same year, 19 percent of medium-sized businesses and 43 percent of large businesses exported.

In manufacturing, the largest exporting industry, small businesses contributed about 12 percent to total exports compared with 65 percent from large firms. In industries that accounted for a relatively small share of the total value of exports, small businesses made the largest contribution to exports. The largest contributions were in construction (84.3 percent), transportation and warehousing (83.0 percent) and retail trade (80.5 percent).

11. The total value of exports in 2010 was about \$326 billion. However, once the values are distributed by firm size and industry, about \$12 billion of exports are classified as confidential. Therefore, the percentages presented in Table 14 are calculated using \$313 billion as the total value of exports.

12. Indeterminate firms are included in the count of small businesses. While the Exporter Register tracks only goods, according to Statistics Canada's *Survey on Financing of Small and Medium Enterprises*, which asks business owners to report their exports of goods and services, 9 percent of Canadian SMEs export.

Table 14: Distribution of the Total Value of Exported Merchandise by Industry and by Size of Business (Number of Employees), 2010

Industry Grouping (NAICS)	Total Value ¹ (\$ millions)	Size of Business Enterprise - Number of Employees (Percent of Total)			
		Total (all business sizes)	Small (<100)	Medium (100-499)	Large (500+)
Agriculture, Forestry, Fishing and Hunting	2,922	0.9	75.4	15.4	9.1
Mining, Oil and Gas Extraction / Utilities	A: 49,206 B: 52,844	15.7	4.1	6.6	89.3
Construction	1,871	0.6	84.3	13.5	2.2
Manufacturing	A: 165,300 B: 174,154	52.7	11.5	23.1	65.4
Wholesale Trade	33,235	10.6	70.7	12.5	16.8
Retail Trade	2,197	0.7	80.5	2.2	17.3
Transportation and Warehousing	8,534	2.7	83.0	2.7	14.3
Information and Cultural Industries	570	0.2	55.0	35.8	9.2
Finance and Insurance	18,260	5.8	35.9	3.9	60.3
Business Services	26,710	8.5	35.3	13.1	51.6
Other	4,854	1.5	72.1	14.6	13.3
Industry Aggregate Total	A: 313,658 B: 326,150	100.0	24.5	16.5	59.0
	Total Number of Firms		Small (<100)	Medium (100-499)	Large (500+)
All Industry Exports	A: 34,391 B: 36,185		86.1	10.6	3.4

Source: Statistics Canada, Exporter Register, 2010.

Note 1: Some values were not classified by firm size due to confidentiality, therefore, the totals are calculated as follows:

A: Total value of exports (small, medium and large categories)

B: Total value of exports (small, medium, large and confidential categories)

For more information on small business exports, please refer to *Canadian Small Business Exporters, Special Edition: Key Small Business Statistics* (June 2011).

Publications

Available through the **SME Research and Statistics website** (www.ic.gc.ca/SMEresearch)

Key Small Business Statistics (KSBS) (www.ic.gc.ca/sbstatistics)

The KSBS provides key statistics on small business topics, responding to some of the most commonly asked questions. This publication is produced annually and is released in July. Special editions of the KSBS are also published, in the first half of a year, one that explores a particular issue in detail and another, every three or four years, on financing statistics that provides key statistics on the state of SME financing in Canada. These publications are available in printed and electronic versions.

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Canadian Small Business Exporters—June 2011

Growth Map of Canadian Firms—January 2010

Financing Statistics—December 2009

Venture Capital (VC) Monitor (www.ic.gc.ca/vcmonitor)

This is a quarterly publication on the venture capital (VC) industry in Canada. The goal of this series is to provide current information about this key enabling industry. To this end, the series will track trends in investment activity, report on topical VC-related research and look at key technology clusters where VC investment is taking place. This publication is only available in an electronic version.

General and Financing Research Reports (www.ic.gc.ca/SMEresearch/reports)

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The State of Entrepreneurship in Canada—February 2010

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